

**ALLEN PARISH WARD 3 FIRE PROTECTION  
DISTRICT NO. 2  
Reeves, Louisiana**

**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
**Annual Financial Statements**

**As of and For the Year Then Ended July 31, 2012**

**STUTZMAN & GATES, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
P. O. BOX 1238  
SULPHUR, LOUISIANA 70664-1238**

ALLEN PARISH WARD 3 FIRE PROTECTION  
DISTRICT NO. 2  
Reeves, Louisiana

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
ANNUAL FINANCIAL STATEMENTS

As of and For the Year Ended July 31, 2012

STUTZMAN & GATES, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1238  
SULPHUR, LOUISIANA 70664-1238

Allen Parish Ward 3 Fire Protection District No. 2  
Annual Financial Statements  
As of and for the Year Ended July 31, 2012  
With Supplemental Information Schedules

**CONTENTS**

	Page
Independent Accountant's Compilation Report	2
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	8
Reconciliation of the governmental funds balance sheet to the statement of net assets	9
Statement of Revenues, Expenditures, and Changes in Fund Balances	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	11
Notes to the Financial Statements	13
<u>Required Supplemental Information</u>	
Budgetary Comparison Schedule:	
General Fund	24

# Stutzman & Gates, LLC

## *Certified Public Accountants*

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Commissioners  
Allen Parish Ward 3 Fire Protection District No. 2  
Reeves, Louisiana

We have compiled the accompanying financial statements of the governmental activities and each major fund of the Allen Parish Ward 3 Fire Protection District No. 2, component unit of the Allen Parish Police Jury, as of and for the year ended July 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Allen Parish Ward 3 Fire Protection District No. 2 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The budgetary comparison information, on page 24, is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



Stutzman & Gates, LLC  
December 4, 2012

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
STATEMENT OF NET ASSETS  
July 31, 2012

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash	\$ 212,504
Receivables	66
Prepaid insurance	4,431
Other assets	685
Capital assets (net)	718,593
Bond issuance cost (net of accumulated amortization)	4,348
<b>TOTAL ASSETS</b>	<b>940,627</b>
<b>LIABILITIES</b>	
Accounts payable	152
Interest payable	5,388
Bonds payable:	
Portion due within one year	25,000
Long-term portion of bonds payable	280,000
<b>TOTAL LIABILITIES</b>	<b>310,540</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	413,593
Restricted for debt service	139,231
Unrestricted	77,263
<b>TOTAL NET ASSETS</b>	<b>\$ 630,087</b>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
STATEMENT OF ACTIVITIES  
For the Year Ended July 31, 2012

Governmental Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes In Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 119,896	\$ -	\$ -	\$ 11,283	\$ (108,613)
Interest	13,203	-	-	-	(13,203)
Total governmental activities	<u>\$ 133,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,283</u>	<u>\$ (121,816)</u>
GENERAL REVENUES:					
Ad valorem taxes					96,530
Other income					106
Interest					104
Total General Revenues					<u>96,740</u>
CHANGE IN NET ASSETS					(25,076)
NET ASSETS - BEGINNING					<u>655,163</u>
NET ASSETS - ENDING					<u>\$ 630,087</u>

See accompanying notes and independent accountant's compilation report.



## FUND FINANCIAL STATEMENTS

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Balance Sheet, Governmental Funds  
July 31, 2012

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS AND OTHER DEBITS</b>			
Assets:			
Cash	\$ 75,343	\$ 137,161	\$ 212,504
Due from other fund	-	2,045	2,045
Other assets	685	-	685
Receivables	41	25	66
TOTAL ASSETS	<u>\$ 76,069</u>	<u>\$ 139,231</u>	<u>\$ 215,300</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 152	\$ -	\$ 152
Due to other fund	2,045	-	2,045
TOTAL LIABILITIES	<u>2,197</u>	<u>-</u>	<u>2,197</u>
Fund Balances:			
Nonspendable - prepaids	685	-	685
Restricted for:			
Debt service	-	139,231	139,231
Unassigned	73,187	-	73,187
	<u>73,872</u>	<u>139,231</u>	<u>213,103</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,069</u>	<u>\$ 139,231</u>	<u>\$ 215,300</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
For the Year Ended July 31, 2012

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS AT JULY 31, 2012	\$ 213,103
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	718,593
Bond issuance cost which are reported as expenditures in the year incurred in governmental funds are deferred and amortized in the statement of activities	4,348
Certain insurance cost which are reported as expenditures in the year incurred in the governmental funds will benefit future periods and are recorded as prepaid insurance on the statement of net assets	4,431
Certain liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net assets:	
Bonds payable	(305,000)
Accrued interest payable	<u>(5,388)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES AT JULY 31, 2012	<u>\$ 630,087</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended July 31, 2012

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Ad valorem taxes	\$ 53,628	\$ 42,902	\$ 96,530
Interest	36	68	104
Other income	11,389	-	11,389
Total Revenues	<u>65,053</u>	<u>42,970</u>	<u>108,023</u>
<b>EXPENDITURES</b>			
Advertising	645	-	645
Bookkeeping	1,800	-	1,800
Fire chief compensation	3,600	-	3,600
Fuel	2,531	-	2,531
Insurance	17,726	-	17,726
Legal & professional	3,735	-	3,735
Office supplies	1,736	-	1,736
Per diem	1,450	-	1,450
Repairs & maintenance	7,971	-	7,971
Sewer fee	180	-	180
Training	1,886	-	1,886
Utilities	4,861	-	4,861
Volunteer firefighter compensation	60	-	60
Capital outlay	7,423	-	7,423
Debt service:			
Principal retirement	-	24,000	24,000
Interest	-	13,398	13,398
Bond fees	-	150	150
Total Expenditures	<u>55,604</u>	<u>37,548</u>	<u>93,152</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES</b>	<u>9,449</u>	<u>5,422</u>	<u>14,871</u>
<b>NET CHANGE IN FUND BALANCES</b>	9,449	5,422	14,871
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>64,423</u>	<u>133,809</u>	<u>198,232</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 73,872</u>	<u>\$ 139,231</u>	<u>\$ 213,103</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended July 31, 2012

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS DECREASE	\$ 14,871
--	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay:

Capital outlay	\$ 7,423	
Depreciation expense	<u>(71,058)</u>	(63,635)

In the statement of activities some expenses do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Accrued interest expense	195
Bond issue amortization expense	(442)

The governmental funds report certain expenditures when paid, where the statement of activities record expenditures in the period benefited as follows:

Prepaid insurance	(65)
-------------------	------

Repayment of bond principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets

<u>24,000</u>
---------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (25,076)</u>
---	--------------------

See accompanying notes and independent accountant's compilation report.

## **NOTES TO THE FINANCIAL STATEMENTS**

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**

Reeves, Louisiana

Notes to the Financial Statements

As of and for the Year Ended July 31, 2012

**INTRODUCTION**

Allen Parish Ward 3 Fire Protection District No. 2 was created under the provisions of Louisiana Revised Statutes 40:1492-1501. The District was created for the purpose of providing fire protection for the people of Ward 3 of Allen Parish. The District is governed by five commissioners whom are appointed by the Allen Parish Police Jury and are compensated on a per diem basis. The District utilizes volunteer firemen.

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for the District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organizations' governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all members to the governing body and has the ability to impose its will on the District, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the police jury, or the other governmental units that comprise the financial reporting entity.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Allen Parish Ward 3 Fire Protection District No.

2.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Allen Parish Ward 3 Fire Protection District No. 2 reports the following governmental funds:

1. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
2. The Debt Service Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to business-type activities and to enterprise funds to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Allen Parish Ward 3 Fire Protection District No. 2's investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

### D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The District does not use a valuation account for bad debts and considers its method to not result in an outcome that differs materially from results if the allowance method had been used.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized And Levied Millage
Taxes due for:	
Maintenance	9.36 mills

### E. Restricted Assets

Restricted assets are resources that the governmental entity is restricted from spending.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of July 31, 2012, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Allen Parish Ward 3 Fire Protection District No. 2 maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	35 years
Equipment	7-10 years
Vehicles	20 years

**G. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities type statement of net assets. Issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Fund Balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Fire District's Board of Commissioners ( the District's highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of July 31, 2012, the District did not have any assigned or committed fund balances. The District had an non-spendable fund balance in the general fund of \$685 and a restricted fund balance in the debt service fund of \$139,231.

### I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**J. Restricted Net Assets**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Allen Parish Ward 3 Fire Protection District No. 2 uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. There were no amendments to the budget in 2012.

**3. CASH AND CASH EQUIVALENTS**

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

Allen Parish Ward 3 Fire Protection District No. 2  
Notes to the Financial Statements (Continued)

**3. CASH AND CASH EQUIVALENTS**

At July 31, 2012, the Allen Parish Ward 3 Fire Protection District No. 2 has cash and cash equivalents (book balances) totaling \$212,504 as follows:

Interest-bearing demand deposits	\$ 212,504
Time deposits	-
Other	-
Total	<u>\$ 212,504</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At July 31, 2012, the Allen Parish Ward 3 Fire Protection District No. 2 has \$212,790 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables/payables consist of the outstanding balances from activity between funds. These balances are expected to be repaid during 2012.

Due To/From Other Funds:

Receivable Fund	Payable Fund	
Debt Service Fund	General Fund	\$ 2,045
	Total	<u>\$ 2,045</u>

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended July 31, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings & building improvements	\$ 165,125	\$ -	\$ -	\$ 165,125
Equipment	213,295	7,423	-	220,718
Vehicles	920,833	-	-	920,833
Total capital assets being depreciated	<u>\$ 1,299,253</u>	<u>\$ 7,423</u>	<u>\$ -</u>	<u>\$ 1,306,676</u>
Less accumulated depreciation for:				
Buildings & building improvements	\$ 75,281	7,431	\$ -	\$ 82,712
Equipment	115,504	18,758	-	134,262
Vehicles	326,240	44,869	-	371,109
Total accumulated depreciation	<u>\$ 517,025</u>	<u>71,058</u>	<u>\$ -</u>	<u>\$ 588,083</u>
Total capital assets being depreciated, net	<u>\$ 782,228</u>	<u>\$ (63,635)</u>	<u>\$ -</u>	<u>\$ 718,593</u>

Allen Parish Ward 3 Fire Protection District No. 2  
Notes to the Financial Statements (Continued)

**5. CAPITAL ASSETS**

Depreciation expense of \$71,058 for the year ended July 31, 2012 was charged to the following governmental functions:

General Government	<u>\$ 71,058</u>
--------------------	------------------

**6. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended July 31, 2012.

	Bonded Debt
Long-term obligations at Beginning of Year	<u>\$ 329,000</u>
Additions	-
Deductions	<u>24,000</u>
Long-term obligations at End of Year	<u>\$ 305,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of July 31, 2012.

	Bonded Debt
Current portion	<u>\$ 25,000</u>
Long-term portion	<u>280,000</u>
Total	<u>\$ 305,000</u>

The District bond outstanding at July 31, 2012 is a general obligation bond with maturities to 2022 and an interest rate of 4.24%. Bond principal and interest payable in the next fiscal year are \$25,000 and \$12,932 respectively. The individual issue is as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
C.O.I. Series 2007-A	\$ 357,000	4.24%	March 1, 2022	\$ 75,770	\$ 305,000	Ad valorem taxes

Allen Parish Ward 3 Fire Protection District No. 2  
Notes to the Financial Statements (Continued)

**6. LONG-TERM OBLIGATIONS**

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District. At July 31, 2012, the Allen Parish Ward 3 Fire Protection District No. 2 has accumulated \$137,161 in the debt service fund for future debt requirements. The bonds are due as follows:

Year Ending July 31,	Principal Payments	Interest Payments	Total
2013	\$ 25,000	\$ 12,932	\$ 37,932
2014	26,000	11,872	37,872
2015	27,000	10,770	37,770
2016	28,000	9,625	37,625
2017	30,000	8,438	38,438
2018-2022	169,000	22,133	191,133
Total	<u>\$ 305,000</u>	<u>\$ 75,770</u>	<u>\$ 380,770</u>

In accordance with R.S. 39:562, the Allen Parish Ward 3 Fire Protection District No. 2 is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At July 31, 2012 the statutory limit is \$3,744,022 and outstanding bonded debt totals \$305,000.

**7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District did not reduce insurance coverage during the year ended July 31, 2012.

**8. PER DIEM**

As provided by Louisiana Revised Statute 40:1498, each commissioner may receive \$25 per diem for attending regular and special monthly meetings. A detail of compensation paid to the President of the Board, board members, and fire chief for the year ended July 31, 2012 follows:

Carl Ritter	\$ 225
Luther Miller	250
Georgia Fruge, President	275
Rusty Reeves	175
Paula Lee	250
Allen Hurlburt, Fire Chief	275
Total	<u>\$ 1,450</u>

**9. SUBSEQUENT EVENT REVIEW**

The District's management has evaluated subsequent events through December 4, 2012, the date which the financial statements were available to be issued.

**10. NEW ACCOUNTING PRONOUNCEMENTS**

In December 2010, the Governmental Accounting Standards Board (GASB) approved Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. In June 2011, the Governmental Accounting Standards Board (GASB) approved statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position". The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB Nos. 62 and 63 must be implemented by the district for the year ending July 31, 2013. The effect of implementation on the district's financial statements has not yet been determined.



**REQUIRED SUPPLEMENTAL INFORMATION**

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended July 31, 2012**

	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE (OVER) FINAL
<b>REVENUES</b>			
Ad valorem taxes	\$ 53,734	\$ 53,628	\$ (106)
Interest	33	36	3
Other revenues	11,283	11,389	106
Total Revenues	<u>65,050</u>	<u>65,053</u>	<u>3</u>
<b>EXPENDITURES</b>			
Advertising	600	645	(45)
Bookkeeping	1,800	1,800	-
Fire chief compensation	3,600	3,600	-
Fuel	3,200	2,531	669
Insurance	18,050	17,726	324
Legal & professional	3,615	3,735	(120)
Office supplies	1,000	1,736	(736)
Per diem	1,600	1,450	150
Repairs & maintenance	15,000	7,971	7,029
Sewer fee	180	180	-
Training	2,500	1,886	614
Utilities	5,000	4,861	139
Volunteer firefighter compensation	60	60	-
Capital outlay	5,000	7,423	(2,423)
Total Expenditures	<u>61,205</u>	<u>55,604</u>	<u>5,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,845</u>	<u>9,449</u>	<u>5,604</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,845	9,449	5,604
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>64,423</u>	<u>64,423</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 68,268</u>	<u>\$ 73,872</u>	<u>\$ 5,604</u>

Notes to the Schedule:

The budget is adopted on a basis consistent with generally accepted accounting principles.

There were no amendments to the budget in 2012.

See independent accountant's compilation report.